



NEW YORK STATE SENATOR

Andrew J. Lanza

## Senator Lanza Calls for Passage of Major New Jobs Initiative

ANDREW J LANZA January 27, 2010

### **Statewide unemployment continues to rise; Despite federal stimulus, New York lost 270,000 private sector jobs last year**

Senator Andrew Lanza and members of the Senate Republican Conference today announced a major new jobs initiative designed to improve New York's business climate, reduce taxes, and create thousands of new jobs for workers across the State.

The plan's centerpiece would reward businesses with a three-year tax credit, averaging between \$2,500 and \$5,000 for every new job created. It would also eliminate taxes for small businesses and manufacturers that pay the state's corporate franchise tax and roll back the income tax surcharge placed on them last year by Democrats in the budget. It also places a moratorium on new taxes, fees and regulations that are killing private sector job-creation efforts in the state.

"This plan will get people working," said Senator Lanza. "It will give businesses large and small real incentives to create jobs and get our economy moving in the right direction. Despite spending billions of dollars in federal stimulus monies, this state is hemorrhaging jobs. Obviously, what this state is doing hasn't been working."

Last year, New York lost 269,000 jobs. This year, Governor Paterson's budget projects that another 40,000 jobs will be lost. The budget enacted by Governor Paterson and Democrats last year raised taxes on businesses in this State by more than \$2.2 billion.

The Republican jobs plan would provide a refundable tax credit averaging \$2,500 up to a maximum of \$5,000 to businesses, manufacturers and other private sector employers for every new job they create. The tax credit would be recurring for three years and would only be provided for new jobs that expand total payroll, equal to the amount of tax withholding for each new job.

For example, a new job paying \$30,000 would provide an employer with a tax credit of about \$1,150. A job paying \$50,000 would provide a \$2,500 tax credit.

That credit could grow by as much as an additional \$3,000 per job if new hires are taken from the ranks of the unemployed who are collecting unemployment insurance from the State. Such an incentive would help reduce unemployment and the costs borne by taxpayers.

The proposal applies only to new jobs and employees that don't currently provide New York with any payroll revenue.

The plan also places a moratorium on any new business taxes and fees and eliminates the corporate franchise tax for hundreds of small businesses and manufacturers with 50 or fewer employees and less than \$2 million in net income. It also accelerates the phase-out of the PIT increase on small businesses that is scheduled to expire at the end of next year.

The jobs initiative would also prohibit the State from enacting any new regulations on New York companies, and create a new Berger-style commission that would have the power to eliminate regulations which are currently hindering businesses.

Senate Republicans said passage of a State spending cap was key to the State's efforts to create jobs, arguing that putting the brakes on wasteful spending is critical to ensure the resources necessary to invest in important job creation and tax cutting efforts in the future.

"Businesses continue to leave New York State because the government spends too much and taxes too much. In order to keep businesses here and create jobs the 2010-2011 budget must cut spending and lower the tax burden on New Yorkers," said Lanza.

In his budget, Governor Paterson cut in half funding currently targeted for job creation. He calls for new tax credits for creating jobs, however, the requirements on businesses are highly restrictive, and he caps the program. The Governor's Budget Division estimates that fewer than 50 companies might benefit each year.

According to the latest statistics, the bulk of the state's job losses have been outside of New York City in regions such as Central and Western New York, the North Country, Hudson Valley and Long Island. If enacted, the Senate GOP plan would provide a much-needed, shot-in-the-arm for New York's stagnant economy.

Business groups were quick to weigh in with praise for the Senate Republican plan.

"Small business is the engine that drives most job creation in our economy--and that will grow us out of this economic mess. Lowering New York's second worst in the nation business tax climate and cost of doing business is really what small business needs to survive and grow, and that's exactly what this job creation plan will do. The proposal put forth today by the Senate Republican Conference is the right recipe for expanding our economy and deserves bipartisan support in both houses of the Legislature," said Mike Elmendorf, New York State Director of the National Federation of Independent Business (NFIB), New York's leading small business advocacy association.

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